

**COMMITTEE ON ACCOUNTS, ENROLLMENT
AND REVENUE ADMINISTRATION**

April 20, 2004

5:00 PM

Chairman Smith called the meeting to order.

The Clerk called the roll.

Present: Aldermen Smith, Guinta, Osborne, Shea, Thibault (late)

Messrs: Kevin Buckley, Kevin Clougherty, Don Pinard, Sharon Wickens,
Tom Arnold

Chairman Smith addressed Item 3 of the agenda:

Communication from Kevin Buckley, Internal Audit Manager, submitting
an audit status update and other business.

Kevin Buckley stated this is just an update of a prior audit that was done in 1998 by DMG-Maximus on the fleet, the whole fleet management of the entire City. I just went through and updated some of the numbers and gave the current status of what is going on now compared to 1998 and pretty much not much has changed since 1998. Between then and now. I would also like to point out that this item also kind of falls into your Item H, Fleet Management Policies, which there are many ideas in this audit that has to do with fleet policies and updating fleet policies and you may want to consider both of them before you take up on Item H.

Chairman Smith stated Kevin, we don't have an Item H.

Mr. Buckley stated it is on the full board agenda. I just wanted to make you aware of the two things. You may want to consider both of them at once and hold off possibly on this one. That's basically it.

Alderman Guinta asked who created the other report that we're hearing this evening?

Mr. Buckley answered it's a company called DMG-Maximus. They do a lot of this type of work for cities and towns.

Alderman Guinta asked and you've had a chance to take a look at that, obviously.

Mr. Buckley replied yes.

Alderman Guinta asked can you talk about...are there any major differences between your report and that report? Are there any major fiscal impact differences?

Mr. Buckley asked are you talking about Kevin Sheppard's report?

Alderman Guinta answered yes.

Mr. Buckley answered no and a lot of the information that I put in this report I got from Kevin Sheppard's report. A bunch of the numbers and stuff. Kevin Sheppard's report, the Highway report is I think what he's getting at is a half step between what DMG report recommends and what he's recommended, and I don't think you're going to fully realize the savings potential I you only do it halfway.

Alderman Guinta stated Kevin is recommending...? Say that again. What is Kevin recommending?

Mr. Buckley answered Kevin's report is kind of like, is only part of what is in the DMG report. It's just a small part of it that he's talking about and the first of the recommendation from DMG is to put all fleet under control of one agency, which is what Kevin is doing and try to quicken the time that you roll over the vehicles. So you have newer vehicles in the fleet, which means less maintenance. I think Kevin's report is trying to address that too, with the amount of money he's asking for. But there's a lot more in the DMG report that would make the potential savings realized, make them greater, make them realized quicker. But the DMG report is going to require a big outlay of money on the outset in order to get savings down the road.

Alderman Shea stated one of the questions that I'm asked, and I'm not sure if you have the answer, is the replacement cruisers for the Police Department. Do you have any kind of off the top of your head the type of replacement program that we have for Police cruisers. Have they been replaced regularly over the last few years? Is that something that...?

Mr. Buckley answered they have tried to replace them about every three years, and the Police will put on over 100,000 miles on the cruiser in three years.

Alderman Shea stated so in essence, and this is a hard question, you weren't here, but do you have any data. How many Police cruisers have been replaced since say 1996? Have you any rough...? I know that you've listed here about 63 vehicles, of that amount how many would you...?

Mr. Buckley answered I would have to look it up.

Alderman Shea asked do you have a record of that though?

Mr. Buckley answered sure, there is a record.

Alderman Shea stated I think that's important because obviously we do have to replace them like you said after 100,000, but I thought years back we used to bid on cruisers up in Concord when Chief Driscoll was the Chief of Police and I thought that there was some sort of replacement of cruisers, not necessarily to the full extent that they should be replaced, I'm not saying that, but I thought that there had been some.

Mr. Buckley responded the Police Department gets a few cruisers every year. They could probably use more, turn them over quickly. The majority of their cruisers though go to other departments and get used there. Sometimes to the point where it may be costing more to maintain these old cruisers than it would be to have traded them in when you could get \$5,000 for them and buy a newer car, a smaller car, a more fuel efficient car to be used in the department. And I think that's brought out in the DMG report and in my update.

Alderman Shea stated I know that Alderman Forest who is a former Police officer certainly it is within his perusal to advocate cruisers and I know we all do, but I'm just wondering how that process should best controlled. That's what my rationale for asking is.

Chairman Smith stated I notice that average age of our fleet is approximately 8.5 years. But on the recommendation by DMG they said we should be spending around \$3.4 million in fleet renewal on average year, if we're going to build a new maintenance facility that's anywhere from \$2.7 million to \$3.2 million. When would you think if we did this, when would the cost savings come in by having a centralized purchasing?

Mr. Buckley replied and this gets back to another interesting point in the DMG's report of what they feel and what I'm kind of proponent of myself, is that the way you budget vehicles now is you budget them in a project, CIP, so it never shows up in anyone's budget and plus fuel and repairs and everything come out of the MER account so there's no incentive for department heads to control that or to

control the type of vehicles they get. What DMG is suggesting is that it becomes an internal service fund that so the departments are given a monthly charge for the vehicle, as if you were leasing a vehicle, you're just leasing it from fleet management, so that it shows up everyone's budget. For example, if you have a choice between getting a Ford Taurus, which would cost you \$200 a month or a Chevy Tahoe, which you cost you \$365 a month, and you're getting up near the budget, you now have an incentive to go to a smaller vehicle. Where now because it all shows up off from your budget, it comes in that CIP budget, there's really no incentive for a department head to go with a smaller vehicle.

Alderman Guinta stated you just said there is no incentive for a department head to choose the cheaper of two vehicles. I would think the incentive is to save the department and taxpayer's money. So there is an incentive. They're just not...

Mr. Buckley interjected it doesn't come out of their budget. It comes out of someone else's and if you want to get the best vehicle for your people and something that they would like to drive and it's not coming out of your budget, your not controlling really that amount. There's less incentive for you to go with a smaller vehicle.

Alderman Guinta asked so you're saying because there's in impact, the department head is going to say I'm going to take the Tahoe over the Taurus because I like it.

Mr. Buckley stated if you look at the trend in the last year of vehicles that were ordered to replace other vehicles, the trend has been toward bigger cars, sport utility vehicles, there's more sport utility vehicles in the fleet now than there were in 1998.

Alderman Guinta stated it seems to me that it would be reasonable... Unless there's a specific need for an SUV, to me it sounds reasonable if departments require vehicles, that they drive less expensive cars. So fleet management and the central purchasing operation would create some oversight?

Mr. Buckley replied yes and you would have oversight on both the maintenance, the purchase, and the disposition of the vehicles under one organization.

Alderman Guinta stated let me ask you right now, do department heads make requests in terms of the types of vehicles that they would like to purchase.

Mr. Buckley answered yes. That's all part of the CIP cycle. They make a request for the type of vehicle they want to purchase.

Alderman Guinta asked so what type of vehicles are they asking for? Are they asking for...?

Mr. Buckley stated I have noticed because they recycle Police vehicles, and it's much cheaper for them to get a Police vehicle because it just moves over to them. A lot of them end up with Police vehicles for cars. I have noticed that people have traded in station wagons for sport utility vehicles in a couple of instances.

Alderman Guinta asked do you have a City car or your own car?

Mr. Buckley answered I have my own car.

Alderman Shea stated that leads me to another question. In terms of, and I'm not aware of this, but how is a vehicle obtained? In other words, who makes the determination in terms of which vehicles...for instance if when we look at this particular report, there are 19 more vehicles now than in 1998. And some departments here have fewer vehicles and some have appreciatively more vehicles. Who makes that determination Kevin? Is it the department head? Is it the City Finance office, is it the Mayor's office?

Mr. Buckley answered the department head will make a request to the CIP committee and it will go into a matrix of all of the vehicles people are requesting. And then it becomes part of the whole budget process. The Mayor will look at it, decide upon recommendation from the department heads they prioritize everything of what you can afford that year for vehicles and then it goes through the whole budget process.

Alderman Shea stated so that if, for instance, just to draw an analogy if the Highway Department wants to have a new vehicle or replace a vehicle but add another one because of someone getting consolidated, we'll use, then basically that department head could submit it to the CIP budget that the Mayor prepares and if the Mayor feels that that should be included, he includes it in and if the Aldermen feel that that vehicle is necessary, then that's how the process works?

Mr. Buckley answered I believe that's the way it goes.

Chairman Smith stated Kevin, I noticed in this report that the maintenance costs were awful high, but if we're having vehicles 8 or 10 years I can understand that. Do you have any idea of what the maintenance costs were on our fleet last year?

Mr. Buckley answered I don't have the number off my head, but the number does not include that they're used, because it's hard to pull the number out of the system for what the maintenance costs are and you can never get a really good

figure on it because they never use a fully burdened cost. The way the system works you will get someone's salary in the job costing system, but you won't get their benefits added to it. So you really never know the true cost of how much it's costing you to maintain a vehicle the way the system is set up now. Highway has made great strides in using job costing and work orders and stuff to start getting this information together. They're one of the departments that's made a lot of improvements in that area. But not all of the departments use the job costing, they don't all use it the same way, so the information is not really in good enough shape to pull out that kind of analysis.

On motion of Alderman Guinta, duly seconded by Alderman Shea, it was voted to accept the report.

Chairman Smith addressed Item 4 of the agenda:

Communication from Guy Beloin, Financial Analyst II, submitting the City's Quarterly Financial Statements for the nine months ended March 31, 2004 for FY2004.

Kevin Clougherty, Finance Director, stated what you have is the quarterly financials for the period through March 2004. As always we're taking a look to see how the expenses and the revenues are tracking year over year. In that regard, we feel that the expenditures are comparable, that we are doing a little better this year. We had a milder winter, so we think that the budget is on track from the expense side. If you take a look at budget versus actual expenditures for the departments, for the period ended 2003 the comparable period there was a balance of about 26.25 percent left and now we've got 24.7 percent. So you're right in that same area as we were last year, which you recall is a good year to end up with a positive fund balance. If you look at the total for the general fund, we're at 27.1 versus 27.7 and we've still got a couple of months to go, so we think that on the expense side we're tracking pretty much as we were last year, which was a good year. If you take a look at the revenues, which is on Page 6, this year's budget in its development stages showed an increase of 7.59 [percent] in non-property tax revenues and we've climbed...as you remember this report at the end of December showed that for the 2004 period I think we had like a 1 percent and we've grown up to almost 6 percent there. So we think again on the revenue side that we should see with the next quarter coming on with good weather, we'll see the increase that we usually see in this time period and we think that our revenues side will work well, so again, we feel confident in making the recommendations to you about fund balance for the upcoming budget. Things are tracking. I'm not aware of any anomalies, I don't think Guy has picked up anything that was of concern. So the budget plan through March seems to be working according to schedule. We're not

alarmed at this point. We'll keep watching the major sources of revenue coming in. If you take a look on auto registrations, for example, year over year, in 2004 auto registrations are growing at a 4.28 [percent] as opposed to last year, which was 3.84 [percent]. So we see that as very positive going into the next year. And the other thing that may happen is if we get a bump in the interest rates, well we may in the last month or two pick up a little something in our interest earnings that we hadn't anticipated and we're optimistic that the following quarter should keep us on track and that the budget will end up with a positive fund balance and at this point we're not recommending, other than the departments be cautious in the last quarter and not go on a spending fee, but we should be able to end up the year in a comparable position to last year, which was good.

Alderman Guinta stated Kevin one of the areas that we could derive additional savings is overtime. Is there a mechanism by which for the last quarter of this year we can require either committee, a board or the Aldermen to approve overtime requests?

Mr. Clougherty answered the problem with that, Alderman, as you know most of the overtime that's being incurred by the City is in our safety services. If you're asking them to come back and approve that, that's kind of difficult. But if they have an emergency or something going on you really want to have the Chief's to have the opportunity to manage those dollars. We certainly could track it for the last quarter to see if there's any change on our monthly reports to you. What's happening month over month this year compared to last year and is there any type of a trend developing in that regard. We could certainly send something to the departments and say that the committee would like them to take a hard look at overtime and use it only as necessary during the period.

Alderman Guinta stated I would assume that there's overtime money being expended for things other emergencies.

Mr. Clougherty replied again, you'd have to talk to each individual department about that, but if you want us to survey the department and get a forecast for what they anticipate there expenditures for the last quarter and then track that at the end of the year and see how close they came, we could do that.

Alderman Guinta asked is there any precedence by which the City asked has utilized additional oversight when it comes to overtime expenditures?

Mr. Clougherty replied in some places they do an allocation budget and they approve on a quarterly basis, but we've not used that for the reasons I'd spoken to earlier. You want your managers to manage, and if they're not managing or if

they're showing that they're not being wise in the use of the overtime, well then you deal with the manager but you don't penalize all of the departments.

Alderman Guinta stated but technically there is a mechanism by which if we decided to implement that change, we could?

Mr. Clougherty replied I'd confer with counsel on that, but again, the Board is my understanding you can always send directives. I don't think you can send a directive that would say you can't use overtime or you can't allocate overtime or overtime has to be approved here, because that's really under the Charter the responsibility of the individual departments for the expenditures. You can dollar commitments, but again, when they're faced with it they're going to take it out of their other line items. They're going to have to go ahead and do especially in certain safety situations, what they need to do to get the job done.

Alderman Guinta asked if your revenues and our expenditures continue at this rate, you are expecting a fund balance? It's going to be in the probably \$500,000 - \$600,000 range? Or is it going to be more?

Mr. Clougherty answered right. As we've said to the Board in the budget handouts, I think we were carrying over \$700,000 or so or more. And as we get closer and feel more confident with those numbers, we'll certainly bring that to the attention of the Board so that there's some way that you can get some relief as part of your budget process, so we'll look at that.

Alderman Guinta asked Tom [Arnold] what would be your...?

Tom Arnold, Deputy City Solicitor, replied I pretty much concur with Mr. Clougherty. Under the Charter, of course, personnel matters are committed to the discretion and oversight of the department heads. The Board certainly could send directives if it chooses to do so, but Kevin certainly lays out a number of problems that you might run into were you to go in that direction.

Alderman Guinta asked other than emergency services, what problems do you feel would potentially present?

Mr. Arnold replied I would have to know where the overtime is being incurred, Alderman. I personally don't have any knowledge of that.

Alderman Guinta stated I think that's my point. I'd like to have a little bit more of a grasp on how we're allocating overtime money, how we're spending overtime money, and it's clear that it's necessary for emergency services. I think we all would agree, but if there are additional funds that are remaining in those line items

that we don't have to utilize, if we can manage them maybe a little bit better over the next three months, maybe we can utilize that money for next year's budget is my point. So I'm trying to look for some sort of mechanism by which we can issue some sort of directive that maybe increases the fund balance projection.

Mr. Clougherty responded and thinking that Alderman, we have provided the committee will all that data on overtime, and you've seen all of those charts and it showed who is spending overtime and where was it, by organization, by departments, you've got all of that. It's primarily in your safety services are. Kevin Buckley's audit of I think last when he reported to you, looked at the question of hiring additional people and I think his conclusion, Alderman, was that you don't necessarily need to hire additional people, you need to hire the compliment that we've been behind. And because you haven't been doing scheduled hiring, that drags you down, where if you were actually at full compliment, you wouldn't have to add on additional bodies. That's part of the solution. Now I know that there's some activity going on with respect to that and testing and everything that has to happen, but we could research that and certainly try to accelerate that. It might be part of the solution.

Alderman Osborne moved to receive and file the City's Quarterly Financial Statements for the nine months ended March 31, 2004 for FY2004. Alderman Shea duly seconded the motion.

Alderman Shea asked Kevin, the health insurance audit, has that been finalized? I know that on the report there was...?

Mr. Clougherty answered the health insurance audit is ongoing. We have had some issues getting some data from the company. Jack Sherry and the Solicitor's office have both been working on that to try and help us get some better information and as you know that's part of this new bidding process that we're talking about.

Alderman Shea asked will that be available whatever the outcome, by the end of this fiscal year or is that something that you don't anticipate having an answer for?

Mr. Clougherty answered we're trying to get it done for this fiscal year, but again, it's a continuation. We're not going to stop. We're going to keep doing it every year because that's the deterrent for the companies that do not do a good job or pay attention. But there should be some results.

Chairman Smith called for a vote on the motion. There being none opposed, the motion carried

Chairman Smith stated Kevin, I just think that what Alderman Guinta was getting at was like say when it comes June and somebody has an abundance of funds in their department, I think that's what he was talking about in overtime.

Mr. Clougherty responded the only thing, and you'll get some reports on the agenda tonight, are there are some transfers between salaries for vehicles and we just think that's a prudent thing to do right now, given the status of the budgets. And in that regard, there's an Item H on the Consent Agenda tonight to adopt a policy. My recommendation would be given this audit that you got tonight, refer H back to this committee so you could work the two of them together and maybe come up with a better policy. We haven't really been able to comment on that because we try to be independent while Kevin was doing his review. And in the end you may be in the same place, but it might be worth taking a months time to have Item H in tonight's agenda referred back to this committee so Kevin can look at that in light of the audit and say okay here is some places where maybe you can tweak it and make it that much better.

Alderman Shea asked that is Item H?

Mr. Clougherty replied Item H on the Consent Agenda is I think the report from Kevin Sheppard and we're just saying before you adopt that maybe have Kevin look at that now that he's go his report done and he might find some places there for discussion at your next meeting and that might help you save some money too.

Alderman Guinta stated the point I was also trying to make is, and I'm in favor of using that, I think there's \$250,000 for Police cruisers, but I think that might be some overtime money and that's the point that I'm trying to make sure that everyone is aware of that we did make a choice at the last meeting to use some of that additional revenue for cruisers. I think that was a smart decision, but going forward from this point to the end of the fiscal year, I want to make sure that whatever money remains we strongly consider it being used for the overlay as opposed to the additional last minute purchases at the end of this fiscal year.

Mr. Clougherty stated and that is, as I said, we did that transfer early and we would not look to be doing that again. That's a one-time exception. We're not in the habit of doing that over the years and we went along with it because we think it makes sense. Even the financial situation.

Chairman Smith addressed Item 5 of the agenda:

Communication from Sharon Wickens, Financial Analyst II, submitting reports as follows:

- a) department legend;
- b) open invoice report over 90 days by fund;
- c) open invoice report all invoices for interdepartmental billings only;
- d) open invoice report all invoices due from the School Dept. only;
- e) listing of invoices submitted to City Solicitor for legal determination; and
- f) accounts receivable summary.

Alderman Forest stated let me see if I understand this. I noticed there is some Police officer details here amounting to about I want to say about \$13,000 - \$14,000 that have been unpaid and they are over 90 days. And one I notice is Riverfest over \$10,000 and I was wondering what's going on with that one.

Sharon Wickens, Financial Analyst II, answered the Riverfest, they actually are no longer in business and they have no intention of paying that. They have no money. They did have in assets a trailer, chairs, wire that they were willing to give us to try to offset some of this outstanding debt.

Alderman Forest stated I understand again from Riverfest that they told us that they did great down there. So I'm wondering how come they are all of a sudden not paying their Police officers.

Ms. Wickens answered it's a different organization now. They really didn't do all that well in the past couple of years and they were not able to pay this last debt. We had not put it on the write off. This committee had asked not to put it on write off. I'm not quite sure where we were going with it, but it really should go on write offs at this point. It is not going to be collected.

Alderman Forest asked are these Police officers going to get paid?

Ms. Wickens replied with the extra detail fund, what happens is so much money comes out of their pay, I don't know if it's \$1.00 comes out of their pay and goes into a revolving fund that pays if somebody shouldn't pay their bill. That fund currently has about \$135,000 sitting in it. So if this were to be written off, it would go against that revolving account and reduce the fund.

Alderman Forest asked and the other one above there, the \$3,000. That's a major business in this City and I'm just wondering what's happening with this one?

Ms. Wickens asked which one is that?

Alderman Forest answered the one above it. That would be on Page 5. There's \$3,323 that's unpaid.

Ms. Wickens answered I would have to check with the Police Department. They have their own committee that they send anything that's outstanding for any length of time and they don't send it for collection like the other departments do after it's 90 days. The committee actually recommends that it come here. That isn't one that I've talked to them about but I could certainly follow up on that for you and get you an answer.

Chairman Smith stated Alderman Forest, at the last meeting we had the Police Department here and Deputy Chief Simmons was here and he said that he was going to address all of the Police extra details, plus the insurance company policy. So they are working on it and...

Alderman Forest interjected because there are several others on here. \$300 or \$400 on another page that...

Chairman Smith stated there's quite a few of them if you notice.

Ms. Wickens stated and as I've said before, on the extra detail this doesn't come out of the general fund, this is money that's already set aside that if we do write them off for whatever reason, I wouldn't want to write off this one, but...

Alderman Forest stated I understand that you have a fund or that they pay so much an hour to put into this fund, but this amount of money is taken out of the fund.

Ms. Wickens replied you are absolutely right. So I will definitely check on that for you.

Alderman Shea stated what I have in mind is, last night at the Administration meeting I submitted a letter concerning citations enforcement, and with the permission of maybe Alderman Forest who is head of that, it might be important too, because of the many write offs that we have to do in this, that maybe when they do have a committee meeting, the Finance office or you or someone should represent that particular group to find out how we better can control money owed to the City in terms of how can we go about processing people that don't pay or that are neglectful. In other words, the initial thought that I had in mind had to do obviously with the Health Department and the Police Department and the Fire Department and the Building Department when people just ignore citations, but we have a critical problem here that we've been trying to grapple with for the last I

don't know several years, if it were, so maybe if all of the people involved are not having people who owe money to the City pay, which is responsible, they have to pay, they are rendering services and we don't seem to have a process to control this. Similar to say the Police when you get a traffic ticket, obviously you pay it or else you don't get a license. Well some how or rather we have to resolve this and it seems we've been talking about this quite a while. So that's what my suggestion might be to the Chairman of the Administration Committee.

Ms. Wickens stated and we do have, Alderman Smith has requested that a department come in each meeting and kind of address some of this, and we do have a department here tonight to talk to you about it. But Police is the only one with a special committee, the others all report to you and we're trying to hit these each meeting.

Chairman Smith stated I'm glad that Alderman Shea did bring this up because it's been a thorn in my side and I'd like to ask the City Solicitor, I've asked them this a couple of times so I might as well put them on the spot. They publish the salaries of all the workers, they publish our assessed property values, and we can not publish the names that people owe us after 90 days? There's a \$1.5 million owed to us after 90 days, and if we can't do that, then what kind of wording do we need, or do we have to change an Ordinance to get some bites so we can collect these. There's a \$1.5 million out there right now over 90 days.

Mr. Arnold answered as I've explained before I feel that publishing the names of people owing debts would be a violation of both the Federal and State Fair Debt Collection Practices Act, which could lead to penalties against the City. Beyond publishing the names, Finance and the City Solicitor's office do work quite closely together to attempt to track down where necessary these people who owe money and in the proper case as set forth by the policy that was adopted by this committee and the Board to bring small claims or other actions in an attempt to collect those debts and in several cases we've been successful. Unfortunately some of these debts it has been hard to track down the debtor, or if we track down the debtor their asset list and it's an exercise in trying to squeeze blood out of a stone. In addition to that, as you know, the Solicitor's office and Finance have worked together to put together a policy. Essentially if someone has an unpaid debt to do the best the City can to stop, I shouldn't say cut off services, but make sure that they don't get additional services until their past due amounts are paid. Beyond that I quite frankly don't know what I could suggest.

Alderman Shea asked Tom could you get a specific ruling from either the Attorney General's office or the State office that's in charge of this particular situation so that we would have not your interpretation necessarily but some sort

of judgement legally so that we know where we stand. Could that be possible, Tom?

Mr. Arnold replied I could request from the State Attorney General's office. I'm not sure how willing they would be to comply, but the problem would remain there is the Federal Fair Debt Collection Practices Act, which...

Alderman Shea asked then could we appeal to the Federal courts then? Somebody at the Federal level, so that we would be able to put this one way or the other.

Mr. Arnold answered not that I'm aware of that you'd get an answer from, Alderman.

Chairman Smith stated as privilege to the Chair Tom, could you get us something, some Statues that say we can't do it, or put something in writing why we can't do it. Because if they can publish salaries, if they can publish DWIs, I can't understand why we can't as a community service put the names in after 90 days, and like I say, there's \$1.5 million, that's almost 2 percent of the tax rate that we can collection. Now this is over 90 days and could you come up and sight the Statute and give us some direction if we could entertain an Ordinance.

Alderman Shea moved to accept the report and that the Solicitor report back to the committee in writing at their next meeting with State Statutes and the position of why the City can not list names of people who owe money to the City. Alderman Osborne duly seconded the motion.

Alderman Thibault stated the problem with this is...I've sat on this committee several times through the years and this has always been a problem and we've brought this situation before to the legal department of the City and they've never been able to come up with something that Alderman Shea is asking for. I hope that we can find some way, because the City is losing a lot of money there. There are some years with it is \$1 - \$2 million that we're losing because we don't know where to go to get the money that's owed us. I really support Alderman Shea for bringing this up and I would hope that Tom Clark and Tom Arnold can come up with a solution to this problem, because why is it that the City is doing business with people that we can not get back to if they don't pay. We have to pay our bills. Why can't they pay their bills?

Alderman Forest stated I have one more comment for the City Solicitor. The question I ask is you keep saying about privacy act and what you were talking about, there's a business on this report that's been on every quarterly report since I've been an Alderman. Non-payment of permit fees, false fire alarms and everything else and you keep saying we can't do anything about their names, we

can't collect the money, but yet they are being allowed to run up these fines on a quarterly basis and we're not collecting from them. Is there something we have to do?

Mr. Arnold stated perhaps if I met you after the meeting, we could discuss the particular business. It may be one we're addressing.

Mr. Clougherty stated the \$1.5 million that we're talking about here. If you look at the last page on the report of 5F. I just want to make sure everybody is clear on this so there's no misunderstanding from people that might be watching on home. Of the \$1.4 million that's 90 days delinquent, most of that, \$1.251 million is related to the Airport, and there's a reason for that. A lot of their things are based on quarterly cycles. So if somebody is into, we don't get it, so it's always going to cover and sometimes you may see water because of that. You take a look at the general fund, the item that is outstanding for the 90 days is about \$38,000. So in terms of business cycle, that's not bad. That doesn't mean we shouldn't be considering the things you're talking about but the scale of it I just wanted to put into prospectus. The other alternative that you may seriously consider is you had the NH Municipal Association in here the other day talking about something they do. It may be that you can't do the publishing now because of the structure of the current laws under the State of New Hampshire. It doesn't mean you can't change a law. It might be something where other cities are looking at the same thing. So I would suggest that maybe we talk to the Municipal Association, see if this item has been brought up by any of the other cities and towns, the Mayor sits on their executive committee. Maybe you could ask him to bring it up at the next meeting and if they haven't got something, it might be a new idea that we could get all of the other cities and towns to support us in getting some legislation introduced, maybe not this session, but next session and get it taken care of that way. So that we would have the ability to do some things. And that's something where Tom could maybe work with their legal staff to draft something if we get to that point. So that's another option that available to you.

Chairman Smith stated I agree with you on the accounts receivable 90 days, but there is still \$215,000 some odd included in that money as far as Airport and that's another thing on the Airport, I'd like to talk about their car rental too.

Mr. Clougherty stated we'd like it to be zero, Alderman. We're with you on that.

Chairman Smith called for a vote on the motion. There being none opposed, the motion carried.

Chairman Smith addressed Item 6 of the agenda:

Communication from Sharon Wickens, Financial Analyst II, submitting 3rd quarter FY2004 write off list for the Accounts Receivable module.

On motion of Alderman Guinta, duly seconded by Alderman Shea, it was voted to receive and file the communication.

Chairman Smith stated I'd like to call up Don Pinard from the Highway Department to make a little presentation. As you well know we're trying to call on the department and we are trying to get...Don our concern really is Workman's Comp overpayments and a drop off center.

Don Pinard stated with the drop off center we've got on the over 90 report right now three basic entities that owe us the most money. About \$4,300. The way the cycle works, they've been told in three different letters 30 days, 60 days, 90 days, that we're looking for payment. At 90 days they go to collection is the normal route that we take all of the time. The other part of that, there's about \$5,500 that is from employee overpayment for Workman's Comp. That seems to me to be the biggest problem. There's a flaw in the way this is set up and from what I understand it is a legal thing, but if someone gets hurt today and is out for two weeks before Workman's Comp decides that it is a Workman's Comp claim, they get sick leave payment for all of that. Then Workman's Comp turns around and gives them 80 percent of their pay from that first day and they get the check and we can't do anything about it. So not only do they get the sick leave but they get that Workman's Comp and what we looked to do is get the sick leave payment back from them.

Alderman Guinta stated I believe that we have the ability to send the check to the employer and then sign it over to the employee. So you can do that. Unless the law has been changed in New Hampshire you have that ability and you can collect the...

Mr. Pinard stated the check is included in their regular paycheck.

Alderman Guinta stated I'm talking about the Workman's Comp check.

Mr. Pinard stated the Workman's Comp check is included in their regular paycheck. It comes like their regular pay.

Alderman Guinta asked who is issuing that? We are Kevin?

Mr. Clougherty replied Human Resources.

Alderman Guinta asked so why don't we just deduct...?

Mr. Clougherty replied because you can't under State law. We tried to do that ten years ago. We went up before the Labor Board and they said no more. I'll let Tom address it but we've tried to do that. You can't garnish that and it is a problem on Workers' Comp trying to recoup some of that money. Because the employee is...you don't want to get them in a position where they are in limbo because they're not getting paid by the City and they're not getting paid by the State and they've got their livelihood and they're out on a tough situation usually. But the way that the State laws work, the City almost has to do what we do and then go after the employee later or and that's difficult and we can't garnish it.

Alderman Guinta asked why don't we just send a letter to the employee saying we have doubled paid you...

Mr. Clougherty stated we do.

Alderman Guinta asked and employees don't give us the money back?

Mr. Clougherty answered right. I'll defer to the Solicitor. We've gone this path before.

Mr. Pinard stated we do have people that make payments. There are people that are making payments all of the time.

Mr. Clougherty stated by in large, most people do

Mr. Pinard stated but there are a group of them. There are some people that no longer work for us that are on that list.

Alderman Guinta asked can we publish their names?

Chairman Smith asked Don, I'd just like to ask you one question. In regards to the drop off center, I notice that some individuals have been dropping off for three or four months and they haven't paid, can't you control that if they're going to drop off ask for a check, or you can't do that?

Mr. Pinard answered the way the cycle works is if they start using the drop off center at the beginning of the month, we bill once a month. So they can drop off that whole month and not get the bill until the next month. Now they have 30 days to pay. So that's two months that go by without us receiving any payment. At

that point they're only 30 days late. We shut them off at that point and say you have to pay cash. We've been looking at this and saying that maybe after the 60 days that they don't pay, which would actually be three months of using the drop off center, then we would demand that they would have to pay cash. Some of the people in the past that have run up huge amounts, and we haven't gotten payments within the 30 days or the 45 days, we've told them that they can no longer use the landfill until they start paying up. With these people it really wasn't a lot of money. We take in about \$3,000 a week in credit customers.

Alderman Shea stated in think that was interrelated to what I just got through saying about the fact that we don't have any mechanisms in place in order to control how these are collected or more especially how accountability is rendered by people who owe the City money, and that's really what we have to come up with and my thoughts on the matter would be possibly for the Finance office to examine the situation and submit a recommendation if it pertains to this committee as it were to advise us as to what the best policy might be in terms of doing this. Maybe we have to change the process by which is now being done in order to catch some of the bad guys that are going through. You do penalize the good people obviously at the expense of the others, but if it has to be up front, then it has to be up front and I guess people will get used to it if for instance they come and you say I'm sorry I can't accept your particular trash or whatever they are disposing there, you'll have to come back with a check so that we know and verify the check and obviously some people will try to pass a bounce check, but otherwise you probably would be better off here. It would be, as the term is used, better oversight in this regard. That would be my recommendation.

Mr. Pinard stated you'll see a lot of single names there that have used the drop off center once and the way it works is those are cash customers just a regular resident coming in. They go in, they have to be weighed up first, so they go in and get weighed, they drop their refuse off, and they come back in and weigh again, hopefully. Once they get there if their bill is \$20 and they only have \$5 or I don't have that much money, what do you do at that point. You can't hold them hostage. You have their information.

Alderman Shea stated that's a small amount.

Mr. Pinard stated right, but it adds up.

Alderman Shea stated yes but \$5 is one forth, at least you're getting something and they're not dumping it as they go back to where they came from.

Mr. Pinard stated but once we have those people in there, they're not allowed. Their names are left at the drop off center and until they pay that, even if it's \$15, until they pay that, they're not going to use the drop off site.

Chairman Smith stated Don, this is just a discussion and I really appreciate it. We are going to follow up and what has occurred in your department in two or three months with the drop off center and Workman's Comp, that should be corrected. But I thank you for your time and effort and we look forward and Sharon I thank you.

There being no further business to come before the committee, on motion of Alderman Thibault, duly seconded by Alderman Osborne, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee